

Written testimony

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Economic and Coverage implications of the American Health Care

Act

Whip Hoyer, Ranking Member Pallone, Ranking Member Neal, Ranking Member Scott and Congressmen and women. Thank you for the invitation to participate in this public hearing on the Economic and Coverage implications of the American Health Care Act. I'm Andy Slavitt. From 2015-2017, I served as the Acting Administrator of the Centers for Medicare and Medicaid Services. I joined the Administration after spending several decades in the private sector leading a large health

care services company. I joined the government after the launch of the ACA as part of the team leading the turnaround and helped oversee the implementation of health reform. As such, I have a unique and balanced perspective on the successes and challenges of the ACA.

It's important to recognize what has been accomplished under the ACA and where the bar for progress has been set. Only a few short years in and the uninsured rate has been cut nearly in half. Over a hundred million Americans are protected from pre-existing conditions and equal numbers are protected from "gotcha" insurance policies with caps and limits and uncovered services like mental health and maternity care.

Whatever happens next, whatever we call it, we must measure it against the benchmark of what the ACA has accomplished.

If 4 years out, we have covered more people than we are today, with higher quality more affordable coverage, it will be judged a success by the American people. If, on the other hand, people lose coverage or that coverage becomes more expensive, it will represent an enormous step backwards for the American people. It is for this reason, I believe, that to a group-- physicians, nurses, hospitals, retiree groups, medical students, and countless patient advocacy groups have expressed deep concern about the proposed American Health Care Act.

Why? An estimated 14 million Americans are projected to lose coverage next year and the cost of insurance would increase by 15-20% according to the Congressional Budget Office. And within a few years, all of the

gains in coverage, health outcomes and financial security would be more than reversed. I want to look at the particular impact of the bill on kids and seniors.

- Kids would be hit very hard. Thanks to Congress's work on CHIP and the ACA, the uninsured rate among children has dropped to a historic low of around 5%. The AHCA makes insurance unaffordable for many families and makes a radical cut to Medicaid. \$880 billion, or as much as 25% of the Medicaid program would be cut, and then placed under a cap. Kids are one of the major beneficiaries of Medicaid. In fact, half the babies born in the country are paid for by Medicaid. The cuts in this will very likely have the effect of cutting off and rationing care from many.

- Seniors would be hit tremendously hard as well, as the premium increases and tax credit reductions would add nearly \$13,000 or more to the cost of a policy for people just under 65. Given that the average senior who buys a policy has an average income of \$25,000, this is a scary prospect. Once they hit 65, seniors would face a new crisis as under the AHCA, the Medicare Trust Fund's life would decline by 3 years to 2025. And the same Medicaid cuts that hit kids would hit long-term care. Americans count on Medicaid to pay for ½ of all long term care needs.

In fact, under the AHCA the cost of insurance gets radically more expensive for many, as help with deductibles and co-pays disappear just as tax credits are reduced and premiums vary widely. This hurts people

living in rural communities especially hard. Some would be expected to pay premiums in excess of their annual salaries.

The changes proposed in the AHCA would be a radical cut to Americans and our health care system and would result in unthinkable consequences for many. This at a time when despite claims to the contrary, the C.B.O. indicated, as had other independent analysts like S&P, that the ACA exchanges are stable after one time premium increases this year. In fact, data from 2017 enrollment shows for the vast majority of exchange consumers, premiums were actually flat.

This is not to suggest the ACA doesn't have challenges, only that they should be worked on surgically. The American people expect us to keep

improving what works and work together to fix what doesn't in an open and urgent manner. That's the direction we should take. And can take as a country.

It's easy to get overwhelmed by the millions of people we are talking about displacing under the new proposal. For me and many of us who have worked so hard to implement the Affordable Care Act across the country these past few years, each number represents a family and a set of voices we watched enroll, a letter we received telling us of a child's life saved, a home that wasn't foreclosed on, or an economic dream pursued. All of us, no matter our politics, have a stake in making progress for these families continue.